pay the tax on food and wait 2 - 15 months for a refund. Then, too, some people of very low income do not file income tax returns, so they never receive their refund. Others, spending only part of a year in Nebraska, are not eligible for the refund. And, of course, people who spend a much higher than average amount for food are penalized by not receiving a proportionately high refund. In other words, in exchange for administrative simplicity, the present system discriminates against the very poor, the very rich or those who spend a lot on food, and partial year residents.

With this in mind let us turn to the question of how Nebraskans feel about the current food tax system and the alternative of not taxing food at all. As we see in Table 1, the sample was almost evenly split on this question. Forty nine percent want to continue the present policy, 51 percent to drop the tax on food altogether. These differences are within sampling error.

We looked for patterns in these preferences. There were some regional differences, with those in the southwest and south central parts of the state most favorable to the present policy, and those from Omaha most strongly in favor of change. Respondents do not differ significantly by level of education or income. This was somewhat surprising in that the current policy probably has the most detrimental effects on low income citizens. There was a very slight tendency for those of less education to want to change the current policy.

Democrats and Republicans both held the same divided view of the issue, while those claiming to be independents or having no preference were far less likely to support existing policy. A possible explanation

for this might be that those not aligning themselves with one of the major parties may be more alienated from state government entirely.

Table 1 also shows that view on the food tax question is related to views about the legislature. Those most dissatisfied with the legislature were strongly in favor of adopting a complete sales tax exemption for food. It may be that views on the food tax issue have influenced overall views of the legislature or, again, it may be that both attitudes are characteristic of those people disenchanted with state government.

We also examined responses to the food tax question in light of other views on taxes. As one might expect, those who most want to see the sales tax cut in general are most favorable toward eliminating the sales tax on food. Conversely, those who nominated the sales tax as the one they would most like to see raised are in favor of the existing policy, though not by much. Finally, those Nebraskans who believe (wrongly) that taxes are higher in Nebraska than elsewhere are more likely than others to want to drop the food sales tax.

So our composite picture of the anti-food sales tax citizen is one who is an independent politically, is quite critical of the state legislature, favors reduction of the sales tax generally and would prefer to see the income tax raised if any taxes had to be. The anti-food tax citizen is more likely to come from Omaha than anywhere else, but displays no distinctive educational or income characteristics.

Other Attitudes about State Taxes

We also briefly explored two other features of Nebraskans attitudes

toward taxes. We asked our respondents which tax they would most prefer to see cut. The answers were overwhelmingly the property tax (64%). Table 2 shows some characteristics of those preferring the three alternatives. Basically, all groups favor giving first preference to cutting the property tax, but these views are most strongly held among the middle and older aged groups, farmers and those in non metropolitan areas, and those of higher income. Lower income people were more likely than higher income groups to favor reduction of the sales tax.

When the question was reversed and respondents were asked which tax they would prefer to see raised if one had to be, 62 percent responded sales tax, 30 percent income tax and only 8 percent property tax. The sales tax was named by a majority of every income group except the lowest, where only 48 percent favored the sales tax, 43 favored the income tax, and 9 percent favored the property tax. It is somewhat curious that so many low income people prefer raising the sales tax because various studies have shown that the sales tax is regressive (though not as much so as the property tax) in that low income people pay a far higher percent of their income in sales tax than do upper income people. For example, a study done in the mid 70's showed that in the U.S. low income families (those making less than $5,000) paid 1.8 percent of their incomes in sales tax, while higher income families making $25,000 or more paid less than 1 percent: half as much.[1] The sales tax and the property tax both contribute to the overall regressiveness of state and local taxes. For example, in Nebraska, in 1975, low income families (those making less than $5,000) paid over

[1]Advisory Commission on Intergovernmental Relations, Significant Features of Fiscal Federalism, 1973-1974, p. 53.

12 percent of their income in state and local taxes, while those with incomes over $25,000 paid only 7.8 percent and those over $50,000 only 7.4 percent.[2]

Nebraskans Perceptions of Their Taxes

Are Nebraska's state and local taxes high or low? In actuality, Nebraska state and local taxes are slightly lower than average, compared to the 49 other states, ranking 27 out of the 50 states.[3] Nebraska per capita state and local revenue was less than $700, compared, for example, to over $1100 in New York and nearly $1900 in Alaska and, at the other extreme, less than $500 in Arkansas, Alabama, Mississippi, South Carolina, and Tennessee.

Thus, the 20 percent of our sample who believed Nebraska taxes are higher than in other states are clearly incorrect. Whether the correct answer is "the same" or "lower" depends on how fine a point one wants to put on it. Clearly, Nebraska is below the median state in taxes, but also could be considered in the broader average group of states. On the other hand Nebraska's local property taxes are above the median compared to property tax level in other states, while Nebraska's sales and income tax are below it.

It is interesting to examine the group who believes Nebraska's taxes

[2] Family Tax Burdens Compared among States and among Cities Located Within Kentucky and Neighboring States. A Study prepared for the Kentucky Department of Revenue by Stephen Lile, December, 1975. Reprinted in Nicholas Henry, Governing at the Grassroots: State and Local Politics. Prentice-Hall, 1980.

[3] U.S. Bureau of the Census, Statistical Abstract of the United States, 1978 p. 299. These are definite regional groupings in tax levels, with most of the lowest taxed states being Southern states.

are higher than average. The people most likely to hold that view are those with the least amount of education, but also more of those with the highest incomes. (This apparent discrepancy [low education, high incomes] is not too significant because neither the differences among the income nor education groups are very large). Those who say their financial prospects are not as rosy as two years ago also are more inclined to say that Nebraska's taxes are higher than average.

Those in the Panhandle, Omaha area and Lincoln are the most inclined to say that taxes are higher than average, with those living on farms or in rural areas, least likely to believe that. Finally, views that taxes are high, not surprisingly, are linked to dissatisfaction with the state legislature, although as in the other cases, the differences are not overwhelmingly great.

Summary

A direct effect on people's financial well being, taxes are always controversial. This report attempted to explore several issues relating to taxation. Our major findings included those that Nebraskans are fairly evenly divided on how to handle the sales tax on food. As we found in last year's NASIS report, Nebraskans are most hostile to the property tax and least hostile to the sales tax. This reflects in part the reality that in Nebraska the property tax is heavier than in the average state but sales taxes and income taxes are lower than average. We also find that Nebraskans correctly perceive that Nebraska's state and local taxes are about at the national average or a little lower.

What are the policy implications of these findings? Any change in the tax structure brings forth opposition from groups who think they will be worse off under the revised structure, but the views on taxation reported here would seem to suggest support for consideration of some change in the relative load carried by the property tax versus the other two major sources of Nebraska state and local revenue--the sales and income tax. However, proposals to do this, by increasing state aid to education, for example, have met with substantial opposition in the past. Perhaps this is because state aid has not been tied directly to a reduction in the property tax in recent proposals. Another policy implication of these attitudes on taxes is that whichever alternative legislators choose in the question of the food sales tax, about half the population will not favor it.

Table 1.
Views on Food Sales Tax

	Continue Present Policy	Exempt Food
All	49%	51%
Region		
Panhandle	47	53
Southwest	71	28
South Central	62	37
North	46	54
Omaha	34	66
Southeast	52	48
Education		
Less than high school diploma	44	56
High school diploma	51	49
More than a high school diploma	48	52
Income		
Less than $7,500	49	51
$7,500 - $14,999	47	53
$15,000 - $24,999	51	49
$25,000 +	49	51
Party Preference		
Republican	53	47
Democrat	51	49
Independent	39	61
No Preference or other	39	61
Satisfaction with Legislature		
Very or somewhat satisfied	53	47
Neither satisfied or dissatisfied	46	53
Dissatisfied or very dissatisfied	35	65
Which tax like to see out		
Property	52	47
Sales	31	69
Income	49	51

Table 1.
Views on Food Sales Tax
(continued)

	Continue Present Policy	Exempt Food
Which tax like to see raised		
Property	44	56
Sales	53	46
Income	40	60
How Taxes In Nebraska Compare		
Higher than elsewhere	39	61
Lower than elsewhere	51	49
Same as elsewhere	51	49

Table 2.
Taxes Most Wanted to See Cut

	Property	Sales	Income
All	64%	15%	20%
View on Nebraska Tax Rate			
Higher than other states	70	14	15
Same as other states	63	17	20
Lower than other states	64	13	23
Age			
18-34	55	18	27
35-59	72	12	16
60 +	69	15	15
Education			
Less than high school	64	19	17
High school diploma	66	13	21
More than high school	63	16	21
Residence			
Farm	78	7	15
Rural non farm	61	10	29
Non metro	67	11	22
Lincoln	51	29	20
Omaha	59	25	16
Income			
Less than $7,500	56	25	19
$7,500 - $14,999	63	19	18
$15,000 - $24,999	68	8	24
$25,000 +	69	13	18

Table 3.
Nebraskans Perceptions of
Their Tax Rates
In Relation to Other States

	Higher In Nebraska	Same In Nebraska	Lower In Nebraska
Overall	20%	56%	24%
Education			
Less than high school	25	59	16
High school diploma	19	62	19
More than high school diploma	18	49	33
Region			
Panhandle	22	63	15
Southwest	13	66	22
South Central	15	59	26
North	16	53	30
Omaha area	24	58	18
Southeast	20	50	30
Size of Residence			
Farm	10	60	30
Rural nonfarm	13	54	33
Non Metropolitan areas	20	58	22
Lincoln	24	46	30
Omaha	25	57	17
Family Income			
Less than $7,500	16	65	20
$7,500 - $14,999	14	63	23
$15,000 - $24,999	21	53	27
$25,000 +	28	46	25
Satisfaction with Legislature			
Satisfied or very satisfied	18	58	24
Neither satisfied or dissatisfied	18	56	26
Dissatisfied or very dissatisfied	28	52	20
Financial Prospects Now Versus 2 Years Ago			
Better	16	56	28
Same	20	58	22
Worse	24	55	20

List of reports already released using data gathered in the 1980 Nebraska Annual Social Indicators Survey. These may be purchased at the indicated price from the Bureau of Sociological Research of the University of Nebraska-Lincoln.

Report Number	Title
1.	Designs, Procedures, Instruments and Forms for the 1980 NASIS. Lynn K. White. Price: $7.50.
2.	Status of Women in Nebraska. Susan Welch and Alan Booth. Price: $1.00.
3.	Congressional District and Planning Region Databook for the State of Nebraska. Lynn K. White. Price: $1.50.
4.	Nebraskans and Their Local Government. Susan Welch and Alan Booth. Price: $ .75.
5.	Migration in Nebraska: Movers and Stayers 1977-79. Lynn K. White. Price: $ .75.
6.	Nebraskans and Their University. David Brinkerhoff and Alan Booth. Price: $ .75.
7.	Nebraskans and Educational Pluralism. Helen Moore. Price: $1.00.
8.	Nebraskans and State Water Policy: An Update. Susan Welch. Price: $ .75.

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